



# Cardinal

**Statewide Financial Management System**

**Project Status and Budget Amendments**

Senate Finance  
Subcommittee on General  
Government/Technology

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**State Comptroller**

February 4, 2014



Virginia Department of Accounts

Financial Accountability. Reporting Excellence.

# What is Cardinal?

## Statewide Financial Management System

- Statewide Base Financials – general ledger, accounts payable, funds receipt
- VDOT-only Modules – accounts receivable, project accounting, procurement, time and attendance/labor distribution
- Replaces obsolete CARS and FMS systems
  - Provides powerful reporting capabilities to facilitate better decision-making
  - Standardizes data to optimize transparency
  - Essential first step towards potentially expanding enterprise system functionality to reduce operating costs of agency-based and central systems

## Current System Status

- Cardinal is in production in VDOT (Part 1) and Accounts (Part 2)
- Current project (Part 3) rolls-out the Statewide Base Financial modules to all state agencies in Wave 1 and Wave 2

# Wave 1: Go-Live October 2014

- Delivers Cardinal to agencies that will process all transactions via online entry
  - 147 agencies – estimated 460 Cardinal Users
- Delivers Cardinal to “pilot” agencies that will process transactions via interface
  - 3 agencies (VITA, DRPT, VCSP), ~20 Cardinal users
- Current Project Status
  - System Analysis and Design: Complete
    - 29 reports, 20 interfaces, 9 conversion programs, 14 system extensions
  - System Build: On target to complete February 2014
  - System Test: On target to begin February 2014
  - Training Development and Delivery: On target
  - Change Network Established
    - Engaged 312 Wave 1 agency contacts
    - Agencies have completed all essential Cardinal tasks to-date

# Wave 2: Go-Live February 2016

- Delivers Cardinal to the remaining agencies
  - Primarily includes agencies that will process transactions via interface (or are affiliated with an interface agency)
  - 131 agencies – estimated 1,300 Cardinal Users
- Planned Activities
  - Engage Wave 2 agencies in August 2014
    - Adjust plan as necessary based on Wave 1 pilot agency feedback
  - Conduct Chart of Accounts activities
  - Design/Development focused on agency interface tasks
  - System Build to be completed by June 2014
  - Post Production Support team already in place
- CARS will serve as system-of-record until FY 2016
  - CARS to be decommissioned effective FY 2017 when Cardinal becomes system-of-record

# Project Communication

- Cardinal Project Website: <http://www.cardinalproject.virginia.gov>



- Cardinal Project Email Address: [ProjectCardinal@DOA.Virginia.gov](mailto:ProjectCardinal@DOA.Virginia.gov)

# Budget Bill Provisions

## **Cardinal and PB Production Support – Enterprise Applications Internal Service Fund (EA ISF)**

- Item 256, NGF funding estimate for EA ISF
- GF agency EA ISF costs included in agency budgets
- § 1-84 Department of Accounts NGF MEL

## **Cardinal Statewide Rollout Project**

- EA ISF NGF MEL Only

## **Cardinal Vendor Database Standardization – GF**

## **Cardinal Accounting and Reporting Oversight – GF**

- Both under Item 254, Funding and § 1-84 GF MEL

# Cardinal Funding

## Production Support Operating Costs

- Shared resources – VDOT, DOA, VITA, Contractors/Consultants

Staffing Source	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
VDOT – Loaned NGF MEL	10	10	6	6	6
DOA – Total NGF MEL	-	2	7	10	10
DOA – GF MEL (CARS support)	-	-	-	-	(2)
Contract Employees	10	11	11	11	11
Accenture Support Contract	20	25	25	25	25
VITA – Northrop Grumman	4	4	4	4	4
Total	44	52	53	56	54

- FY 2013-2014 operating costs funded by VDOT and Accounts
- FY 2015-2016 – JLARC approved rates charged to agencies upon conversion
  - FY 2015 - \$17 million NGF, \$580,000 GF (in introduced budget)
  - FY 2016 - \$16.2 million NGF, \$1.7 million GF





# Cardinal – Expenditure Budget

	VDOT/DOA Only	Plus Wave 1 Agencies	Plus Wave 2 Agencies Rollout Complete	CARS Retired Cardinal - System of Record
<b>Budgeted Annual Operating Costs</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017 *</b>
Software (PS) Maintenance/License fees	\$ 1,500,000	\$ 1,530,000	\$ 1,561,000	\$ 1,639,000
Hardware / Equipment – VITA	2,129,000	2,235,000	2,347,000	2,464,000
Internal Staff (Salaried) – 10 to 16 FTE	1,487,000	1,859,000	1,914,000	2,010,000
Contract Staff	2,202,000	2,753,000	2,890,000	3,422,000
Accenture Post Production Support Contract	5,000,000	6,250,000	6,250,000	6,250,000
Northrop Grumman Enhanced Server Support	1,952,000	1,500,000	1,500,000	1,500,000
Facilities, Training, Indirect Admin.	1,423,000	1,494,000	1,511,000	1,586,000
WCA Repayment/Federal Payback	-	-	-	7,301,000
<b>Total Cardinal System Operating Costs</b>	<b>\$ 15,693,000</b>	<b>\$ 17,621,000</b>	<b>\$ 17,973,000</b>	<b>\$ 26,172,000</b>

\* Working Capital Advance (WCA) and Federal payback begins in FY 2017 - \$7.3 million annually/ 10 years





# Cardinal – ISF Charges

	VDOT/DOA Only	Plus Wave 1 Agencies	Plus Wave 2 Agencies Rollout Complete	CARS Retired Cardinal - System of Record
<b>Budgeted Annual Operating Costs</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017 *</b>
Total Cardinal System Operating Costs	\$ 15,693,000	\$ 17,621,000	\$ 17,973,000	\$ 26,172,000
<b>Charge Allocations – By Wave:</b>				
DOA Base System Charge	\$ 7,000	\$ 8,000	\$ 8,000	\$ 13,000
VDOT Base System Charge	2,107,000	2,366,000	2,413,000	4,071,000
VDOT-only Modules Charge	5,681,000	6,379,000	6,506,000	6,831,000
VDOT Residual Charge	7,898,000	8,207,000	4,752,000	-
Wave 1 Agencies Base System Charges – 10/1/2014	-	661,000	899,000	1,516,000
Wave 2 Agencies Base System Charges – 2/1/2016	-	-	3,395,000	13,741,000
<b>Total Charges</b>	<b>\$ 15,693,000</b>	<b>\$ 17,621,000</b>	<b>\$ 17,973,000</b>	<b>\$ 26,172,000</b>

## Charge Allocations – By Fund Type

General Fund	\$ 163,000	\$ 580,000	\$ 1,727,000	\$ 5,237,000
Non-General Funds	\$ 15,530,000	\$ 17,041,000	\$ 16,246,000	\$ 20,935,000

\* Working Capital Advance (WCA) and Federal payback begins in FY 2017 - \$7.3 million annually/ 10 years

# Cardinal Funding

## Statewide Roll-out Project (Part 3)

- Shared resources – DOA, Contractors/Consultants

Staffing Source	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
DOA – Total NGF MEL	6	18	18	9	-
Contract Employees	6	18	9	-	-
Consultant SOWs (est.)	40	40	40	-	-
Total	52	76	67	9	-

- Funded by \$60 million Working Capital Advance (WCA)
- Repayment (over 10 years) begins in FY 2017 following CARS decommissioning (included in approved JLARC rates)
- Project staff gain experience/expertise in project roles and transition to Production Support, Vendor Database Standardization and/or Accounting and Reporting Oversight roles after project tasks are complete

# Cardinal Funding

## Vendor Database Standardization (required pursuant to Chapter 806, Item 260 B.2.)

- Current vendor data management responsibility is decentralized to agencies
- Goal is to centralize vendor data management to uniformly identify and report vendors, goods and services, facilitate data exchange between systems and optimize resource monitoring
- Resources – DOA, Contractors

Staffing Source	FY 2013	FY 2014	FY 2015	FY 2016
DOA – Total GF MEL	-	4	6	10
Contract Employees	-	2	2	2
Total	-	6	8	12

- FY 2014 – \$847,805 GF
  - FY 2015 - \$1 million GF (increase only as needed)
  - FY 2016 - \$1.5 million GF (increase only as needed)

# Cardinal Funding

## Accounting and Reporting Oversight

- CARS is 30 years old, inflexible, highly customized and relatively simple technology
- Cardinal is new, flexible, COTS and complex technology
- Increased central oversight is needed to mitigate the risk of improper transactions inherent with the introduction of a new statewide financial system

- Resources – DOA

Staffing Source	FY 2013	FY 2014	FY 2015	FY 2016
DOA – Total GF MEL	-	3	6	8

- FY 2014 – \$322,926 GF
  - FY 2015 - \$644,651 GF (increase only as needed)
  - FY 2016 - \$857,935 GF (increase only as needed)